

Committee on Academic Planning and Resource Allocation (CAPRA)
Minutes of Meeting
December 14, 2021

Pursuant to call, the Committee on Academic Planning and Resource Allocation met at 1:00 pm on December 14, 2021, via Zoom. Chair Kevin Mitchell presiding.

I. Chair's Report – *Kevin Mitchell*

A. December 9 Meeting of the Division

- i. The Senate Chair reported that the campus has made several staff hires which has resulted in a reduction of some purchasing backlogs. There are approximately 80 staff positions still open. Another round of staff hiring will occur in the spring.
- ii. The new indirect cost return (IDC) policy will cover all grants – current, future, and those grants that are not fully encumbered.
- iii. The state budget is in good shape. The UC is seeking a 4% faculty raise and another increase for equity.
- iv. The EVC/Provost reported that the UC is asking the Legislature to do what is necessary to help UC Merced achieve R1 status.
- v. Each standing Senate committee chair gave a brief oral report on their committees' fall semester business. One of the highlights was the memo written by CoR, FWAF, and GC and sent to the Chancellor and EVC/Provost about the obstacles to faculty research.
- vi. UC Merced is establishing the Chancellor's Leadership Academy for faculty and staff. The cohort will consist of eight faculty and eight staff. The participants will take part in six workshops that are six hours apiece.

B. Divisional Council updates

CAPRA member Almeida requested that fifteen minutes be set aside on each future CAPRA agenda for CAPRA-related business only, with voting members of the committee (no administrators). He also asked for CAPRA to be kept informed of CAPRA-related business in Divisional Council meetings. CAPRA Chair Mitchell pointed out that he regularly provides Divisional Council updates at CAPRA meetings. CAPRA member Almeida inquired about how many votes Divisional Council members have taken this semester. Chair Mitchell replied that Divisional Council has spent much of this semester's meetings in consultation with administrators, guests, and discussing campus updates and systemwide review items. He added that if he was required to vote on something at the Divisional Council level, it would ultimately be his vote, but he would ostensibly consult with CAPRA.

Action: The committee analyst will add fifteen minutes to future CAPRA agendas for "open discussion" among voting committee members.

Chair Mitchell explained that a Divisional Council subcommittee is discussing ways to allocate the \$1 million provided to the Academic Senate by the Chancellor from the MacKenzie Scott gift to the campus. Some of the priorities being discussed are ones previously submitted to the Senate Chair from CAPRA Chair Mitchell and CoR Chair Sexton.

Chair Mitchell asked CAPRA members for their top three funding priorities which will be conveyed to the Divisional Council subcommittee. CAPRA members agreed that the top priorities are:

1. Senate Research Grants, increased allocations (request to make a permanent increase)
2. Instrumentation (e.g., \$100K/year for campus proposals, including matching funds)
3. Remuneration for student service on Senate committees

Action: The committee analyst will forward the aforementioned priorities to the Divisional Council subcommittee.

Chair Mitchell asked CAPRA members how they would like to meet in the spring semester. Committee members agreed to continue the current format of in person meetings with a Zoom option.

- II. Consent Calendar
 - A. Today's agenda
 - B. Draft November 9 and November 30 meeting minutes.

Action: Due to time constraints, CAPRA members will be asked to approve the Consent Calendar via email after the meeting.

- III. Consultation with SNS Dean Betsy Dumont

- A. Academic planning next steps.

Prior to this meeting, Assistant EVC/Provost Martin shared with SNS Dean Dumont the academic planning documents that were shared with other deans and division leads at the November 30 CAPRA meeting. (Dean Dumont was unable to attend the November 30 meeting.)

Dean Dumont asked whether there were any initiatives in SNS's phase III academic plan that CAPRA identified as worthy of funding. Chair Mitchell responded that CAPRA has held many discussions about how to evaluate the phase III plans. It was a difficult task to analyze all school and division strategic objectives without an associated resource request. All schools and divisions are doing good work. But now that CAPRA has more clarity about the process, the committee can see that there are strategies that schools and divisions could carry out with their current budget and strategies that would require additional budget. This is the point that CAPRA is clarifying in the next steps of academic planning in spring 2022: which initiatives do schools

and divisions need additional funding for and how much. Once CAPRA has that information, the committee will be able to make intelligent comparisons.

Dean Dumont asked whether CAPRA reviewed the phase III academic plans from an institutional perspective to see how all school and division initiatives fit together. Chair Mitchell confirmed that CAPRA did so. He also pointed out that per the direction from the EVC/Provost, CAPRA considered which school and division initiatives would enhance two of the key goals of the campus – increased student enrollment and faculty research/infrastructure/R1. However, CAPRA understands that some school and division initiatives may not fall into those categories, but are still worthy of funding.

Dean Dumont asked if the campus plans to move forward with several initiatives simultaneously or will the campus take a more focused approach. In other words, should SNS move forward with an initiative that another school or division is also proposing so she can leverage that? Chair Mitchell replied that based on the statements of the EVC/Provost, the campus wants to move, among other things, two of the main goals which are student enrollment and faculty research/infrastructure/R1 status.

Dean Dumont stated that there are parts of the enrollment and research goals that are foundational/direct but other parts that are adjacent to achieving those goals. For example, lowering DFW rates in undergraduate courses would assist enrollment but not in a direct manner. Does CAPRA value both direct and indirect ways to achieve the campus goals? Chair Mitchell responded affirmatively. Assistant EVC/Provost Martin added that the relevant strategic planning team who is addressing enrollment will provide their recommendations about critical investments by February 15, 2022. Chair Mitchell stated that those recommendations will be critical to CAPRA's recommendations to the EVC/Provost on the next iteration of the school and division academic plans.

Dean Dumont asked if CAPRA is interested in seeing initiatives that cross school boundaries. Chair Mitchell replied that CAPRA is interested in these synergies and will keep them in mind when evaluating resource requests. Schools are encouraged to identify cross-School initiatives.

In response to a question about EDI excellence, Chair Mitchell confirmed that per the advice from the EVC/Provost, schools and divisions are encouraged to include EDI elements in their plans.

Dean Dumont acknowledged her school's hard work in developing the academic plan. Chair Mitchell stated that the SNS plan was well developed and praised the impressive amount of work done by all schools and divisions.

Chair Mitchell asked Dean Dumont if she found the planning process beneficial and whether it helped to coordinate her school's efforts. Dean Dumont responded that it was beneficial for schools and divisions to come together and discuss commonalities rather than plan in a vacuum. She also stated that a lot of SNS's measures will take approximately five years to appear in metric shifts and that will require patience. Chair Mitchell agreed and added that it will be several years before the quality and consistency of the data will be sufficient so it can be informative and reliable. CAPRA finds it challenging that the campus does not yet have data for some of the metrics. The campus does, however, have data on student enrollment numbers and graduation rates.

Dean Dumont thanked CAPRA for its work. She asked whether she should include contingency planning in the next iteration of SNS's academic plan in case the school does not receive all requested funding. Chair Mitchell replied that it may be difficult to anticipate all contingencies. It may be more helpful to think of the process as a dialogue. He also reminded Dean Dumont that according to the EVC/Provost, schools will be provided with a pot of money and it is up to the schools to decide how to spend it. Schools and divisions are not obligated to spend the money the way they originally requested because it is understood that circumstances change.

IV. Consultation with Interim CFO Schnier
A. Overview of campus finances

Interim CFO Schnier presented to CAPRA the slides he shared with the campus community at the financial responsibility town hall on November 17, 2021.

Interim CFO Schnier explained to CAPRA the UC Merced's total operating budget was approximately \$419 million for fiscal year 2021. The sources of the operating budget are: core funds, Pell Grant and campus fees, auxiliaries (lost revenues covered by the Higher Education Emergency Relief Fund or HEERF), contracts and grants, gifts and endowments, and other revenues.

The campus's core revenues come from two primary sources: state appropriations and tuition revenues. Indirect cost return accounts for approximately 3%.

The campus's total expenditures in fiscal year 2021 were approximately \$469 million, resulting in a deficit of about \$50 million.

For fiscal year 2021, the total deficit could have been as large as \$103 million which is in line with prior estimates provided last year. Expenditures exceed campus revenues (deficit) by about \$50 million. Differences from prior year's estimates: 1) about \$30 million of the revenues were from

Higher Education Emergency Relief Fund; 2) about \$23 million of the campus's anticipated "owner's costs" associated with the 2020 Project will materialize in fiscal year 2022 not fiscal year 2021.

The campus's total operating budget for fiscal year 2022 is about \$476 million.

Expected changes in expenditures for fiscal 2022:

- Total salary and benefits are expected to increase by about \$10 million
- Non-salary costs are expected to increase by about \$13 million
 - Sources: building operations, maintenance and utilities; faculty start-up
- Auxiliary costs are expected to increase by about \$18 million
- Total campus deficit is expected to be about \$45 million
 - Approximately \$23 million of that was carried over from last year's "owner's cost"
 - Had the campus paid the "owner's cost" last year (fiscal year 21) the deficit would be about \$22 million
 - Total deficit over the two years (fiscal years 2021 and 2022) is about \$95 million
- Note: Current deficit estimate (about \$45 million) will increase with the recent hiring efforts to support research infrastructure as well as a few other key infrastructure needs (about \$3 – 4 million).

Structural Deficit:

- Structural deficit for fiscal year 2021 was \$33 million
- Current MOU with UCOP reduced it by \$6.5 million
- Fiscal year 2020 restoration of budget (state allocation) reduced it by \$5.4 million
- Non-salary budget reductions for fiscal year 2022 reduced it by \$1.6 million
- Budget call reductions for fiscal year 2022 reduced it by \$7.8 million
- Budget call allocation for fiscal year 2021 increased it by \$4 million

Due to time constraints, Interim CFO Schnier did not discuss the details of the new MOU with UCOP. However, CAPRA members were provided with a copy of Interim CFO Schnier's financial responsibility town hall slides with this information. Interim CFO Schnier will continue this discussion at a spring semester CAPRA meeting.

A CAPRA member asked about UC Merced's student-to-faculty ratios. Interim CFO Schnier replied that in terms of Senate faculty, UC Merced's ratio is close to, if not better than, other campuses. However, when we take into account the fact that UC Merced uses twice as many unit 18 lecturers as other campuses, UC Merced has the lowest ratio in the UC system. He pointed out that UC Merced is significantly different from other campuses in terms of how we are staffed. With the new MOU, our campus will receive more money from UCOP than the other campuses but eventually we will transition to receiving the same amount as other campuses. During that transition, Interim CFO Schnier will have to consider what financial data he can provide the campus that illustrates where the campus is headed. He agreed that transparency is needed on where the funding is going and

how it is being used. However, the campus also needs to discuss trade-offs. The question of whether UC Merced is spending money in the “right” or “wrong” way is a question that has to be answered collectively by the campus.

There being no further business, the meeting was adjourned at 2:30 pm.

Attest: Kevin Mitchell, CAPRA chair